United Nations

United Nations Institute for Training and Research

Financial report and audited financial statements

for the year ended 31 December 1993 and Report of the Board of Auditors

General Assembly
Official Records • Forty-ninth Session
Supplement No.5D (A/49/5/Add.4)

United Nations
Institute for Training and Research

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NOTE

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[29 July 1994]

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LETTERS OF TRANSMITTAL

5 May 1994

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the United Nations Institute for Training and Research as at 31 December 1993.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Marcel BOISARD
Acting Executive Director of UNITAR

The Chairman
The Board of Auditors
United Nations
New York

30 June 1994

Sir,

I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research for the financial period ended 31 December 1993, which were submitted by the Acting Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) John BOURN
Comptroller and Auditor General
of the United Kingdom of
Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1993

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts for the year ended 31 December 1993, of the United Nations Institute for Training and Research (UNITAR). This report is presented in accordance with subparagraph 3 (i) of article IV of the statute of the Institute.

Statement I

UNITAR General Fund: status of expenditure against approved budget

2. State I gives the status of expenditure against approved budget for the year ended 31 December 1993. Total expenditures amounted to $700,129.

3. Under General Assembly resolution 47/227, authorization was given for transitional expenditure in New York for the United Nations Institute for Training and Research for the period January through June 1993. Expenditure against this authorization, totalling $582,700 is accounted for in the financial statements of the United Nations.

Statement II

UNITAR General Fund: statement of income and expenditure

4. Statement II for this reporting period consolidates the income and expenditure of the General Fund, Capital Assets Fund and the Special Account for Programme Support Costs. The amount of $302,689 shown in statement II was paid by Governments as contributions to the General Fund for 1993 and payment of prior period outstanding pledges (see note 2 to the financial statements). In addition, $343,598 was received as programme support income and $123,647 as other income bringing the total income for the year to $769,934. The expenditures for the year amounted to $700,129 which resulted in an excess of income of $69,805 over expenditures.

Statement III

UNITAR General Fund: statement of assets and liabilities

5. Statement III reflects the assets and liabilities of the General Fund, Capital Assets Fund and the Special Account for Programme Support Costs as at 31 December 1993. The assets of the General Fund amounted to $257,206. Of this, $160,501 was due from the United Nations General Fund and $78,783 was due from UNITAR Special Purpose Grants Fund. Cash and accounts receivable amounted to $17,922. Liabilities consisted of unliquidated obligations of $6,534 (statement I).

6. General Assembly resolution 47/227 of 8 April 1993 provided that the UNITAR building should be transferred to the United Nations in return for the cancellation of the debt of the Institute as at 31 December 1992 which totalled

$10,678,482. The funding provided by the transfer of the UNITAR building to the United Nations was $5,797,330 (schedule 3.1) which consisted of the cost of the land and building to the United Nations of $10,678,482 less the valuation of the land and building at cost to UNITAR of $4,881,152.

Statement IV

UNITAR Special Purpose Grants Fund: statement of income and expenditure

7. Statement IV shows the income and expenditure of the Special Purpose Grants Fund. A total amount of $3,608,255 was received as grants in 1993. The total income in this Fund was $3,843,623 after inclusion of interest income, savings in liquidation of prior year's obligations and miscellaneous income. The total expenditure amounts to $3,793,085, resulting in an excess of income over expenditure of $50,538 for the Special Purpose Grants taken as a whole.

UNITAR Special Purpose Grants Fund: statement of assets and liabilities

8. The assets and liabilities of the Special Purpose Grants Fund as at 31 December 1993 are shown in statement IV. The total assets of $2,789,707 consist of cash of $2,552,202, cash in non-convertible currencies of $25,570 and accounts receivable of $25,570. Of the $870,079 of liabilities, $442,874 was for unliquidated obligations (schedule 4.1), $302,446 due to the United Nations General Fund and $78,783 due to the UNITAR General Fund.

9. The balance of the Special Purpose Grants Fund was $1,919,628 as at 31 December 1993.

Write-off of losses of cash and receivables

10. There were no write-offs during 1993.

Summary of significant accounting policies

11. The significant accounting policies of UNITAR are outlined in the notes to the financial statements.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. The Board of Auditors has examined the financial statements of the United Nations Institute for Training and Research (UNITAR) for the period 1 January 1993 to 31 December 1993 in accordance with paragraph 12, article VIII of the statute of UNITAR. The audit was conducted in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

Audit objectives and approach

2. The Board's audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The examination was based on an assessment of UNITAR's accounting systems and controls and on a test audit, in which all areas of the financial statements were subject to direct substantive testing of transactions. The audit also included an assessment of the accountancy principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. The Board considers that its audit approach provides a reasonable basis for its opinion. Whilst the financial statements are the responsibility of UNITAR's management, the responsibility of the Board is to express an opinion on whether, based on their audit, the financial statements present fairly the financial position of UNITAR as at 31 December 1993.

3. The Board's examination included a general review and such tests of the accounting records and other supporting evidence as it considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on UNITAR's financial statements. Consequently, the work carried out by the Board did not involve a detailed review of all aspects of budgetary and financial information systems and the results cannot be regarded as a comprehensive statement on them.

Overall results

4. The Board's examination revealed no weaknesses or errors considered material to the accuracy or completeness of the financial statements as a whole. In accordance with normal procedures, the Board recorded significant findings in management letters to UNITAR. None of these matters affected the Board's audit opinion on UNITAR's financial statements and schedules for the year. Accordingly, the Board has given an unqualified opinion on UNITAR's financial statements for the year ended 31 December 1993.

5. In addition to their audit of the accounts and financial transactions, the Board carried out reviews under article 12.5 of the Financial Regulations of the United Nations. The reviews primarily concern the efficiency of financial procedures, the internal financial controls and, in general, the administration and management of UNITAR.

6. In 1992-1993 the Board examined the following areas:

(a) The action taken to address the decisions made in General Assembly resolution 47/227, on the restructuring of UNITAR; and

(b) Procurement procedures for project and non-project supplies and equipment.

7. The Board's principal recommendations are presented in paragraph 10 below. A summary of main findings arising from the Board's audit is shown in paragraphs 11 to 15. Detailed findings are reported in paragraphs 16 to 36.

8. The Board's observations on all matters contained in this report were communicated to UNITAR. UNITAR has confirmed the facts on which the Board's observations and conclusions are based and provided explanations and answers to the Board's enquiries.

Action taken on recommendations in previous reports to the General Assembly

9. The Board has carried out a review of the measures taken by UNITAR in response to the recommendations made by the Board in its audit report for the year ended 31 December 1992, as requested by the General Assembly in resolution 47/211 of 23 December 1992. The details of the actions taken by UNITAR, together with the comments of the Board, are set out in the annex to this report. A number of the issues covered are also discussed further in this report.

Recommendations

10. The Board's principal recommendations are set out below.

Special Purpose Grants Funds

(a) An appropriate strategy for dealing with the deficit on a number of Special Purpose Grants Funds should be drawn up and implemented (see para. 27);

Financial control and management

(b) UNITAR should continue to develop its internal financial control systems (see para. 34).

Summary of main findings

On the implementation of General Assembly resolution 47/227

11. In accordance with the terms of General Assembly resolution 47/227, UNITAR's headquarters was transferred to Geneva. Its building in New York was taken over by the United Nations in return for the write-off of UNITAR's accumulated debt to the United Nations General Fund (paras. 16 to 22).

On UNITAR's General Fund

12. For the first time in a number of years, UNITAR's General Fund showed a surplus on its operations in 1993. Nevertheless, the overall position of the General Fund remains precarious and further cost cutting or additional funding from donors or from programme support revenue will be necessary if UNITAR is to continue its present level of activity (paras. 18 and 19).

On transition costs

13. The costs of meeting UNITAR's continuing commitments in New York, prior to the transfer to Geneva, were within the amount authorized by the General Assembly (para. 21).

On Special Purpose Grant Funds

14. A number of Special Purpose Grant Funds remain in deficit (paras. 13 to 27).

On financial control and management

15. UNITAR has significantly improved its financial and management controls, but significant weaknesses in the quality of the financial information available to managers remain (paras. 32 to 34).

Financial matters

General Assembly resolution 47/227

16. General Assembly resolution 47/227 set out a number of key decisions with regard to the financial and administrative restructuring of UNITAR, as follows:

(a) Reinforcing article VIII, paragraph 2, of the UNITAR statute, the General Assembly decided that, as at 1 January 1993, the funding of all the administrative budget of the Institute should be covered from voluntary contributions, donations, special purpose grants and executing agency overheads;

(b) In exchange for the transfer of the UNITAR building in New York to the United Nations, the Institute's accumulated debt to the United Nations General Fund should be written off and its obligations for 1992 covered; and

(c) The headquarters of the Institute should be transferred to Geneva and a liaison officer designated to organize and co-ordinate the existing training and research activities in New York.

17. The General Assembly, in its resolution 47/219 authorized the Secretary-General to commit funds, not to exceed $400,000, for the period 1 January through 28 February 1993, by advances from the United Nations Working Capital Fund, to cover certain costs of the New York office in 1993 during the transfer period. The Assembly subsequently authorized the Secretary-General to enter into a commitment of an additional $200,000 to cover the requirements of UNITAR until June 1993.

The UNITAR General Fund

18. In its report on UNITAR's financial statements for 1992, the Board qualified its opinion because the General Fund had incurred expenditure in excess of paid-in contributions and other available resources in contravention of the Financial Regulations and other relevant statutes. In 1993, UNITAR's General Fund incurred administrative expenditure of $700,129, which was in excess of the budget approved by the Board of Trustees ($567,900), but less than the total income generated of $769,934, resulting in an operating surplus on the General Fund of $69,805. The Board noted that the Board of Trustees of UNITAR has challenged the basis for the rental charges levied by the United Nations for UNITAR's premises and considers that the surplus should be $229,065. The Board has commented on this matter in its follow-up to previous recommendations in the annex attached.

19. The Board found that, in response to General Assembly resolution 47/227, UNITAR cut back sharply on its administrative expenditure, reducing its costs from $1,897,000 in 1992 to $700,000 in 1993. This was achieved by the transfer of the New York headquarters to Geneva and a very significant tightening in financial control. Nevertheless, the overall position of the General Fund remains precarious and further cost cutting or additional funding from donors or from programme support revenue will be necessary if UNITAR is to continue at its present level of activity.

The transfer of UNITAR's building in New York to the United Nations

20. The total of UNITAR's accumulated debt to the United Nations as at 31 December 1992 was $11,653,000, made up of sums due to the United Nations General Fund arising from the accumulated deficits on the UNITAR General Account ($4,133,000); the UNITAR Reserve Account ($2,418,000); the amount advanced for the purchase of land in New York ($4,416,000); and the balance of the amount advanced by the United Nations pursuant to General Assembly resolution 38/177 ($686,000). Taking into account the valuation of the land and building in New York at cost to UNITAR ($4,881,000) and the waiver of imputed interest due on the funds advanced by the United Nations for the purchase of the land ($975,000), the result of the transfer of the UNITAR building in New York to the United Nations was a net injection to UNITAR of $5,797,000. This amount did not include any write-off of the deficits, totalling $369,537 on 14 of the Institute's Special Purpose Grant Funds as at 31 December 1992. Further details of these deficits are given in paragraphs 23 to 27.

Transition costs

21. UNITAR incurred expenditure of $583,000 to meet its continuing commitments in New York during the period January to June 1993 when its headquarters was being transferred to Geneva. This was within the total of $600,000 authorized for this purpose by the General Assembly under the terms of resolutions 47/219. This expenditure was met through advances from the United Nations Working Capital Fund and is accounted for in the financial report and audited financial statements of the United Nations (A/49/5). This expenditure is also disclosed in UNITAR's financial report for the year ended 31 December 1993.

Appointment of a liaison officer

22. Paragraph 2 of resolution 47/227 requested the Secretary-General to designate a liaison officer to organize and co-ordinate existing training programmes and research activities relating to training in New York. The

Secretary-General designated the Chief of the Training Service, Office of Human Resources Management, Department of Administration and Management, as the focal point to ensure a smooth transition for the organizational arrangements of UNITAR and to coordinate the remaining New York-based training programme. This decision was taken with regard to the limited resources available to the UNITAR General Fund.

Special Purpose Grants Funds projects

23. As at 31 December 1992, 14 of UNITAR's Special Purpose Grants Funds were in deficit, to an aggregate of $369,537. The Board recommended that appropriate action be taken to clear these deficits, many of which related to projects which had been closed.

24. Schedule 4.1 lists the final balances for all Special Purpose Grants Funds as at 31 December 1993. In aggregate, available funds totalled $1,920,000, a small decrease over the position at 31 December 1992. However, included therein and offset against other projects were 17 Special Purpose Grants Funds showing deficits totalling $430,000. A number of these projects are now closed and the deficits (i.e. expenditures incurred in excess of paid-in contributions) have been carried in the accounts of UNITAR for a number of years. In the case of nine of the Funds concerned there were no transactions in the year.

25. In response to the Board's previous recommendation, UNITAR noted that the deficits in question arose prior to the adoption of resolution 47/227 by the General Assembly. UNITAR stated its belief that these deficits should have formed part of UNITAR's total debt to the United Nations and therefore should have been written off against the transfer of UNITAR's building in New York to the United Nations.

26. The United Nations holds firmly to the view that in respect of these Special Purpose Grants Funds the United Nations is under no obligation to make good these deficits. This is the position reflected in these financial statements.

27. Whilst noting these positions, the Board considers that the deficits on the Special Purpose Grants Funds cannot be left unaddressed. It should be feasible, for example, to write off the deficits over a period of years against the UNITAR General Fund. The Board recommends that an appropriate strategy for dealing with these deficits should be drawn up and implemented.

Format of the financial statements

28. Following the implementation of General Assembly resolution 47/227, a number of changes have been made to the format of the financial statements. With the transfer of the UNITAR building in New York to the United Nations, the UNITAR Capital Assets Fund has been wound up. The details are set out in schedule 3.1. Also the Special Account for Programme Support Costs is no longer shown separately and is now incorporated in the General Fund.

United Nations system common accounting standards

29. In 1993, following the final report of the United Nations Working Party on Accounting Standards, the Administrative Committee on Co-ordination approved formal accounting standards for the United Nations system. The General Assembly took note of the standards in its resolution 48/216C of 23 December 1993.

30. The Board found that UNITAR has generally applied the standards in 1992-1993 but has not included the required statement of movements in financial resources. The Board recommends that this statement is provided for the biennium 1994-1995.

Management issues

Procurement

31. In 1993 UNITAR spent approximately $160,000 on goods and services excluding short-term staff and consultants. The Board examined a sample of purchase requests. The Board was satisfied that UNITAR conducted its procurement activities fully in accordance with the Financial Regulations of the United Nations.

Financial control and management

32. As noted in paragraph 19, UNITAR has significantly tightened its budgetary and financial controls. But this task has been made more difficult because the quality of the financial information available to UNITAR management is poor. These problems are compounded because the lines of responsibility for financial matters between UNITAR and the United Nations Office at Geneva remain unclear.

33. UNITAR has made significant progress in monitoring project income and expenditure using a micro computer-based package, EXCEL. However, this system does not yet cover all projects and the information it contains is not always up-to-date. The EXCEL system has contributed to UNITAR's improved financial discipline and should be developed as a comprehensive management tool for UNITAR. UNITAR expects to have the EXCEL system fully developed by the end of 1994.

34. The United Nations remains responsible for UNITAR's financial accounting and the preparation of UNITAR's financial statements. Given the small size of UNITAR and its limited financial expertise, this seems to be a practical and appropriate arrangement. However, the Board found that there was little communication between UNITAR and the United Nations and that often their respective financial records did not reconcile. UNITAR believes that these problems could be addressed through the appointment of a finance officer at the Institute. The Board believes such an appointment would be useful but recognizes that financial constraints on the General Fund may make this difficult in the short-term. More immediately, UNITAR and the United Nations should establish clearly their respective responsibilities perhaps through the drawing-up of a formal service agreement.

Cases of fraud and presumptive fraud

35. The UNITAR secretariat reported no cases of fraud or presumptive fraud to the Board relating to the financial year 1993.

Write-off of losses of cash, receivables and property, ex-gratia payments

36. There were no write-offs or losses of cash or other assets or ex-gratia payments during the year.

Acknowledgement

37. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its auditors by the staff of UNITAR and the United Nations.

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Codanda Ganapathy SOMIAH
Comptroller and Auditor General
of India

30 June 1994

Follow-up on action taken to implement the recommendations of the Board of Auditors in its report for the year ended 31 December 1992 a/

	Recommendations	Measures taken by UNITAR	Comments of the Board
(a)	In view of the decision of the General Assembly to streamline and restructure UNITAR, the UNITAR Administration should now ensure that the Institute's budget is based on levels of realizable income and programmes or projects are set to the extent of available voluntary contributions;	The recommendation has been implemented for 1993.	The Board noted that UNITAR's General Fund income exceeded expenditure. However, this expenditure in 1993 was in excess of its approved budget (see paras. 18 and 19 of the Board's report).
(b)	With the contemplated transfer of UNITAR headquarters from New York to Geneva, a decision on the question of rental charges for office premises at Geneva is required quickly;	During its thirty-first session (23 to 25 February 1994), the Board of Trustees of UNITAR made the following recommendation:	The Board found that UNITAR's General Fund expenditure includes a charge of $134,000 for rent on the offices occupied by UNITAR in Geneva. In the Board's view, and taking account of the Institute's statute, it is appropriate for UNITAR to pay rent, although the scale of the charge is an issue for agreement between UNITAR and the United Nations.

Recommendations	Measures taken by UNITAR	Comments of the Board
	After taking cognizance of the memorandum from the Officer-in-Charge, Department of Administration and Management, dated 22 February 1994, the Board noted that the rent charged by the United Nations Office at Geneva in December 1993, to be applied retroactively, would have grave implications for the immediate future of the Institute. It also noted that the decision to charge UNITAR for its office space in Geneva was not covered by any specific contract and was based upon a directive which did not clearly state the legal or economic basis for the rental charge. The Board stressed that this appropriation of rental charges went counter to the clear will of the Member States that the Institute continue its activities as expressed in successive General Assembly resolutions. It also noted that part of the office space of UNITAR at Geneva was used to service the United Nations itself, which was not being charged rent by the Institute.	

Recommendations	Measures taken by UNITAR	Comments of the Board
	The Board further advanced the unanimous opinion that the magnitude of the rent charged did not correspond to the actual quality of the premises nor the services provided. The Board considered that the unilateral debiting of the Institute's account in the amount of US$ 134,136 was tantamount to a seizure of the Institute's assets and not in line with the role of the United Nations as the trustee of the Institute's funds. The Board questioned whether the Secretary-General had been informed of or consulted on this obvious error and, consequently, decided on the following: - To instruct the Acting Executive Director to negotiate with the United Nations Office at Geneva regarding the rent for 1993 and beyond, and to explore - and then present to the Board - options regarding the premises of the Institute in both Geneva and New York; - To request that pending negotiations, the appropriate rental charges be reimbursed; - To bring the matter to the attention of the Secretary-General, as well as to that of the ACABQ, and, if needed, the General Assembly. The Board adopted, with the above reservations, the combined Statement of Income, Expenditures, Assets and Liabilities.	

Recommendations	Measures taken by UNITAR	Comments of the Board
(c) The liaison officer responsible for the restructuring of UNITAR should now be designated and specific guidelines be formulated on the transfer of accounting and financial services from New York to Geneva, including accountabilities for valuable books and non-expendable property of an attractive nature;	The designation of a liaison officer is the responsibility of the Secretariat and not of UNITAR, following General Assembly resolution 47/227.	The Board has noted the position (see para. 22 of the Board's report).

Recommendations	Measures taken by UNITAR	Comments of the Board
(d) The Special Purpose Grants Fund projects which have cumulative deficits should be analysed in order to effect the appropriate accounting entries for their closure;	The Special Purpose Grants Fund projects which have a cumulative deficit have all been designed and conducted in New York. Most of the projects have been discontinued within the process of restructuring and streamlining of UNITAR. UNITAR considers that this cumulative deficit should be included into the global debt towards the United Nations, which has been written off against the appropriation of UNITAR's building. The nature of the debates in the forty-seventh session of the General Assembly as well as the letter and spirit of resolution 47/277 do not discriminate between the different possible nature of the debt. The will of the Member States was clearly to write off the debt and give UNITAR a chance to start on a new and sound basis. The present cumulative deficit amounts to roughly one-half of UNITAR's General Fund. Should it be charged it could jeopardize the future of the Institute and counter the will of the Member States. The question would be submitted to the attention of the UNITAR Board of Trustees during its next session, should this deficit not be considered as written off together with UNITAR's debt, as per resolution 47/277.	The Board's views on this matter are set out in paragraphs 23 to 27 of its report.

Recommendations	Measures taken by UNITAR	Comments of the Board
(e) Periodic monitoring of the financial status of Special Purpose Grants Fund projects should be the responsibility of finance and project officers of UNITAR to ensure proper charging of expenditures and to allow sufficient time for making requests of supplementary funds when needed;	Following the recommendations of the auditors, UNITAR has introduced a new information system (EXCEL software) allowing the programme officers to constantly monitor the financial status of the Special Purpose Grants Fund projects for which they are responsible. This system should be fully operational before the end of 1994.	UNITAR has made significant progress through the introduction of the new information system, but it still has some way to go before it becomes a comprehensive management tool.

a/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 5D (A/48/5/Add.4), sect. II, para. 9.

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to IV, the relevant schedules and the supporting explanatory notes of the United Nations Institute for Training and Research, properly identified, for the financial period ended 31 December 1993 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position of the United Nations Institute for Training and Research as at 31 December 1993 and the results of its operations for the financial period then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period. The transactions were in accordance with the Financial Regulations and the relevant legislative authority.

In accordance with our usual practice, we have issued a long form report on our audit of the financial statements of the United Nations Institute for Training and Research, as provided for in the Financial Regulations.

(Signed) John BOURN
Comptroller and Auditor General of the United Kingdom of Great Britain and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Codanda Ganapathy SOMIAH
Comptroller and Auditor General of India

30 June 1994

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

9 May 1994

I certify that the appended financial statements of the United Nations Institute for Training and Research, numbered I to IV, are correct.

(Signed) Yukio TAKASU
Controller

V. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

STATEMENT I

GENERAL FUND

Status of expenditure against budget for the year ended 31 December 1993

(United States dollars)

Budget Classification	Approved Budget	Expenditure			Unobligated Balance
		Disbursements	Unliquidated Obligations	Total	
Administration	440,900	628,867	5,134	634,001	(193,101)
Programme Development	90,100	54,031	700	54,731	35,369
Training Programme in Multilateral Diplomacy	36,900	10,697	700	11,397	25,503
Total	567,900	693,595	6,534	700,129	(132,229)

The accompanying notes are an integral part of the financial statements.

STATEMENT II

GENERAL FUND a/

Statement of income and expenditure for the year ended 31 December 1993

(United States dollars)

		1993	1992 c/
Income			
Government contributions paid	(Note 2)	302,689 b/	324,639
Subvention		10,500	40,000
Interest income		3,405	3,011
Rental income		–	58,357
Sale of publications		–	25,348
Royalty		–	6,861
Programme support income	(Statement IV)	343,598	326,248
Savings in liquidation of prior year's obligations		61,632	1,432
Miscellaneous income		48,110	1,675
Total income		769,934	787,571
Expenditure			
Salaries and common staff costs		464,933	1,183,011
Temporary assistance		–	22,265
Programme development cost		–	4,000
Outside expertise		4,213	118,945
Security Services		–	105,272
Staff travel		29,556	90,080
External audit		–	30,195
Fund raising		–	1,609
Panels and conferences		–	7,681
Supplies and materials		11,897	25,044
Furniture and equipment		2,551	47,589
Library books, documents, periodicals		290	2,194
Documentation/publications		–	43,463
Communications		45,370	103,315
Premises		135,293	369,189
Public relations and hospitality		1,442	2,762
Fellowships		–	19,000
Miscellaneous expenses		4,584	8,358
Total expenditure (Statement I)		700,129	2,183,972
Excess of income over expenditure (deficit)		69,805	(1,396,401)

a/ Consolidated UNITAR General Fund, Capital Assets Fund and Special Account for Programme Support Costs.

b/ In accordance with Article VIII, paragraph 3 of the revised statute of UNITAR (A/43/697/Add.1), only paid-in contributions are included in current year income.

c/ Comparative figures reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

STATEMENT III

GENERAL FUND a/

Statement of assets and liabilities as at 31 December 1993

(United States dollars)

Assets		1993	1992 b/
Cash		92	96 461
Accounts receivable		17,830	117 466
Due from United Nations General Fund		160,501	-
Due from UNITAR Special Purpose Grants Fund		78,783	-
Land & Building		-	4,881 152
Total assets		257,206	5,095 079
Liabilities			
Accounts payable			30 116
Unliquidated obligations	(Statement I)	6,534	111 842
Due to United Nations General Fund	(Schedule 3.1)	-	11,653 075
Total liabilities		6,534	11,795 033
Fund balance			
Balance available as at 1 January 1993		(6,699,954)	(4,848 629)
Add: Funding provided by the transfer of UNITAR building to the United Nations	(Schedule 3.1)	5,797,330	-
Waiver of imputed interest on advance to purchase land		974,593	-
		71,969	(4,848 629)
Add: excess of income over expenditure (deficit)	(Statement II)	69,805	(1,396 401)
		141,774	(6,245 030)
Transfers from other funds		108,898	-
Expenditure against UNITAR reserve account		-	(432 339)
Adjustment for prior periods		-	(22 585)
Balance available as at 31 December 1993		250,672	(6,699 954)
Total liabilities, reserves and fund balance		257,206	5,095 079

a/ Consolidated UNITAR General Fund, Capital Assets Fund and Special Account for Programme Support Costs.

b/ Comparative figures reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 3.1

Funding provided by the transfer of UNITAR's land and building to the United Nations a/

(United States dollars)

1	Debt of the Institute to the United Nations as at 31 December 1992 representing value at which Land and Building was transferred to the United Nations		
	UNITAR General Account		4,133,038
	UNITAR Reserve Account		2,417,885
	Amount advanced by the United Nations for purchase of land b/		4,416,152
	Balance of amount advanced by the United Nations pursuant to General Assembly resolution 38/177		686,000
	Due to United Nations as at 31 December 1992	(Statement III)	11,653,075
	Less: Imputed interest on advance for purchase of land		974,593
	Cost of land and building to the United Nations		10,678,482 c/
2.	Less: Valuation of land and building at cost to UNITAR		4,881,152
3.	Amount of funding provided by the transfer to the United Nations	(Statement III)	5,797,330

a/ General Assembly resolution 47/227 of 8 April 1993 provided that the UNITAR building should be transferred to the United Nations in return for the cancellation of the debt of the Institute as at 31 December 1992.

b/ In accordance with General Assembly resolution 42/197.

c/ See United Nations Accounts – Statement XIII.

The acccompanying notes are an integral part of the financial statements.

STATEMENT IV

SPECIAL PURPOSE GRANTS FUND

I. Statement of income and expenditure for the year ended 31 December 1993

(United States dollars)

Income	1993	1992
Grants	3 608 255 a/	3,765,803
Interest income	100,227	119,774
Savings in liquidation of prior year's obligations	55,605	43,017
Miscellaneous income	79,542	100,618
Total income	3,843,629 a/	4,029,212
Expenditure		
Staff and other personnel costs	1,232,827	936,524
Staff travel	338,908	253,992
Consultants	1,018,606	1,193,392
Panels and conferences	15,806	22,691
Participants travel	358,917	230,587
Documentation and publications	33,235	56,528
Communications	25,681	46,419
Premises	-	75,846
Loss on exchange	7,998	147,366
Miscellaneous expenses	264,166	215,598
Fellowships	153,349	155,261
Sub-total	3,449,493	3,334,204
Programme support costs (Statement II)	343,598	326,248
Total expenditure	3,793,091 a/	3,660,452
Excess of income over expenditure	50,538	368,760

STATEMENT IV (concluded)

II. Statement of assets and liabilities as at 31 December 1993

Assets	1993	1992
Cash	2,552,202	3,072,176
Cash (non-convertible currencies)	25,570	28,178
Accounts receivable	211,935	108,541
Deferred charges	–	4,495
Total assets	2,789,707	3,213,390
Liabilities		
Accounts payable	45,976	10,176
Unliquidated obligations-current year	442,874	336,895
Due to United Nations General Fund	302,446	840,066
Due to UNITAR General Fund	78,783	–
Total liabilities	870,079	1,187,137
Fund balance		
Balance available as at 1 January 1993	2,026,253	1,657,493
Adjustments to prior periods	(32,700)	–
Transfers to other funds	(108,898)	
Refund to donors	(15,565)	
Add: Excess of income over expenditure	50,538	368,760
Balance available as at 31 December 1993	1,919,628 a/	2,026,253
Total liabilities and fund balance	2,789,707	3,213,390

a/ For details by project, see Schedule 4.1

The accompanying notes are an integral part of the financial statements.

Schedule 4.1

SPECIAL PURPOSE GRANTS FUND

Statement of income and expenditure and fund balance for the year ended 31 December 1993

	Fund balance 1 January 1993	Income from grants	Other income and adjustments a/	Funds available	Expenditures			Fund balance 31 December 1993
					Disbursements	Unliquidated Obligations	Total	
Projects								
A. Convertible currencies								
Strategy for the future of Africa	(140,544)	–	–	(140,544)	–	–	–	(140,544)
Centre on Small Energy Resources - Italy	61,925	–	6,154	68,079	38,132	–	38,132	29,947
World Social Prospects Association	(6,005)	–	–	(6,005)	–	–	–	(6,005)
Strategies for the future of Latin America	(40,749)	–	–	(40,749)	–	–	–	(40,749)
Strengthening, monitoring, and assessment capabilities in Africa	61,941	–	53,425	115,366	19,437	–	19,437	95,929
Workshop on Port Management and Operation, Hamburg	(8,017) –	8,000	17	–	5,713	–	5,713	(5,713)
Workshop Transportation Management and Policy for Estonia, Slovenia and Lithuania	–	72,600	654	73,254	66,670	–	66,670	6,584
Inter-modal Transportation	–	–	27,312	27,312	–	–	–	27,312
UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	530	100,000	11,948	112,478	48,514	4,779	53,293	59,185
Second Conference on Heavy Crudes and Tar Sands	(60,690)	–	–	(60,690)	–	–	–	(60,690)
Post of Director UNITAR/UNDP Centre for Heavy Crude and Tar Sands	(425)	–	–	(425)	–	–	–	(425)

Schedule 4.1 (continued)

	Fund balance 1 January 1993	Income from grants	Other income and adjustments a/	Funds available	Expenditures			Fund balance 31 December 1993
					Disbursements	Unliquidated Obligations	Total	
Technical Assistance to UNITAR/UNDP Centre for Heavy Crude and Tar Sands from Petroleos de Venezuela	143	–	(17,467)	(17,324)	–	–	–	(17,324)
Fifth International Conference on Heavy Crude and Tar Sands	49,241	–	1,383	50,624	–	–	–	50,624
Technical assistance to UNITAR/UNDP Centre for Heavy Crude and Tar Sands	(49,314)	–	–	(49,314)	19,622	–	19,622	(68,936)
Post of Deputy Director, Centre for Heavy Crude	14,378	–	(38,700)	(24,322)	677	–	677	(24,999)
Sixth International Conference on Heavy Crude and Tar Sands	88,680	–	2,466	91,146	5,255	7,166	12,421	78,725
Training programme on geographical information system technology in the field of the environment	695,105	1,491,426	(30,020)	2,356,511	1,401,726	169,010	1,570,736	785,775
Training programme for the managers of the foreign debts in the least developed countries	640,819	450,690	60,464	1,151,973	590,769	87,549	678,318	473,655
Training of journalists in international cooperation, multilateral diplomacy, and the promotion of social and economic development	7	–	–	7	–	–	–	7
Training programme for disaster relief managers	120,114	603,843	35,493	759,450	354,087	86,973	441,060	318,390
Programme on training officials from Côte d'Ivoire	(21)	–	–	(21)	–	–	–	(21)
UNITAR/UNDP/CUNY Training Programme in Information Technology for the ASEAN Countries	25	–	1	26	–	–	–	26

Schedule 4.1 (continued)

	Fund balance 1 January 1993	Income from grants	Other income and adjustments a/	Funds available	Expenditures			Fund balance 31 December 1993
					Disbursements	Unliquidated Obligations	Total	
Foreign Affairs Training for Ethiopian Officers	5,756	–	(5,756)	–	–	–	–	–
UNITAR Advisory Mission on Training Needs, Angola	1,151	–	(1,151)	–	–	–	–	–
Training in peace–keeping	(5,226)	–	5,226	–	–	–	–	–
Phase III training manuals for peace–keeping videos	3,977	–	20,744	24,721	1,712	–	1,712	23,009
UNITAR/UCAR: training programme in GIS for natural resources and environmental management	3,104	188,156	3,906	195,166	149,536	1,112	150,648	44,518
Training workshop in multilateral economic negotiations for senior civil servants in Viet Nam	(5,777)	–	–	(5,777)	–	–	–	(5,777)
UNITAR/IPS training for journalists in international cooperation and multilateral diplomacy for environmental awareness	147,601	34,000	805	182,406	160,686	–	160,686	21,720
Training for Ethiopian Ministry of Foreign Affairs	45,202	556,000	6,792	607,994	327,284	81,784	409,068	198,926
Junior Field Officer at Geneva	(37)	–	37	–	–	–	–	–
Junior Professional Officer, New York	25,795	–	1,654	27,449	15,235	–	15,235	12,214
Junior Professional Officer, Geneva	53,593	–	(25,253)	28,340	–	–	–	28,340
Junior Professional Officer, Geneva - based	(26,485)	–	26,485	–	–	–	–	–
Junior Professional Officer, Germany	56,112	80,000	26	136,138	73,904	–	73,904	62,234
Junior Professional Officer, Netherlands (Geneva based)	24,296	–	2,477	26,773	29,436	–	29,436	(2,663)
Economic and social history of the United Nations	(12,296)	–	–	(12,296)	–	–	–	(12,296)

Schedule 4.1 (concluded)

	Fund balance 1 January 1993	Income from grants	Other income and adjustments a/	Funds available	Expenditures			Fund balance 31 December 1993
					Disbursements	Unliquidated Obligations	Total	
Special fund account for project promotion and contingencies	12,947	–	(12,166)	781	3,267	–	3,267	(2,486)
Joint UNITAR/Clark Atlanta university programme	1,606	–	(1,606)	–	–	–	–	–
Occidental College: Semester at the United Nations Programme (1992)	4,336	–	(4,336)	–	1,378	–	1,378	(1,378)
UNITAR/Clark Atlanta University semester at the United Nations Programme – 1992	7,170	–	(7,170)	–	674	–	674	(674)
Fellowship programme in preventive diplomacy	196	–	(196)	–	–	–	–	–
Development of instructional video on peace-keeping	32,803	14,985	(30,049)	17,739	38,990	4,501	43,491	(25,752)
New York seminar on peace-keeping and simulation exercise	(13,904)	–	–	(13,904)	–	–	–	(13,904)
Annual UNITAR Training Seminar in peace-keeping	–	8,555	35	8,590	9,635	–	9,635	(1,045)
Subtotal	1,989,063	3,608,255	93,634	5,690,952	3,362,339	442,874	3,805,213	1,885,739
B. Non-convertible currency								
Russian Federation	10,876	–	(414)	10,462	–	–	–	10,462
China	7,207	–	(214)	6,993	–	–	–	6,993
Hungary	10,184	–	(2,608)	7,576	–	–	–	7,576
Poland	70	–	(16)	54	–	–	–	54
Romania	8,854	–	(48)	8,806	–	–	–	8,806
Subtotal	37,190	–	(3,300)	33,891	–	–	–	33,891
Total	2,026,253	3,608,255	90,334 a/	5,724,842	3,362,339	442,874	3,805,214	1,919,628

a/ Comprises interest income, exchange loss, miscellaneous income, prior year adjustments and transfers between funds.

Notes to the financial statements

Note 1. Summary of significant accounting policies

The following are the significant accounting policies of UNITAR:

(a) As provided in article VIII of its statute, the United Nations Institute for Training and Research accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller and in conformity with generally accepted government accounting principles. The United Nations follows the International Accounting Standard 1 on the disclosure of accounting policies as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Institute's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) Fund accounting. The Institute's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Executive Director. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(d) The financial period of the Institute consists of one calendar year.

(e) In accordance with article VIII, paragraph 3 of the revised statute of UNITAR, income is recognized on a paid-in contributions basis.

(f) Translation of currencies. The accounts of the Institute are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(g) Pledged contributions. Pledges are recorded as deferred income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specified time or times. These pledges are recorded in a memorandum account and are reflected in note 2. Only paid pledges are recorded as income.

(h) Investments. Funds on deposit in interest-bearing bank accounts and call accounts are shown in the statements of assets and liabilities as cash.

(i) Deferred charge:

(i) Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in the subsequent financial period;

(ii) For balance sheet statement purposes, only that portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant at which time the budgetary account is charged and the advance recovered.

(j) Fixed assets. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Institute. Acquisitions are charged against budgetary accounts in the year of purchase.

(k) The expenditures do not include possible costs to cover contingencies under appendix D to the United Nations Staff Rules, for personnel financed under resources obtained from voluntary contributions to the UNITAR General Fund and the Special Purpose Grants Fund. The term "expenditure" designates total obligations incurred whether liquidated or unliquidated.

(l) Miscellaneous income:

(i) The net income realized from the revenue-producing activities is reported as miscellaneous income;

(ii) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income;

(iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;

(iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is debited to the budgetary account. If there is a net gain, this is credited to miscellaneous income;

(v) The proceeds from the sale of surplus property are credited to miscellaneous income of the respective funds.

(m) The trust fund statements reflect the "clean surplus theory" by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

(n) Income tax refund policy. UNITAR salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(o) The obligations incurred for the Special Purpose Grants Fund are accounted for on a project basis; therefore, commitments are recorded for the life of each project.

Note 2

GENERAL FUND

Schedule of pledged contributions as at 31 December 1993

(United States dollars)

Countries	Unpaid pledges as at 1 January 1993	Add: pledges for 1993 and prior year adjustments	Add : Pledges for future years	Less: Collections during 1993	Less: Loss (gain) on exchange	Unpaid pledges as at 31 December 1993
Brazil	5,000	–	–	5,000	–	–
Brunei	–	5,000	–	5,000	–	–
Burkina Faso	500	(500)	–	–	–	–
Chile	10,000	(5,000)	5,000	10,000	–	–
China	10,000	(10,000)	10,000	–	–	10,000
Congo	15,000	(15,000)	–	–	–	–
Cote d'Ivoire	12,000	(12,000)	–	–	–	–
Cuba	2,000	(2,000)	–	–	–	–
Cyprus	–	1,000	500	1,000	–	500
Czechoslovakia	28,881	(8,540)	17,422	–	2,290	35,473
Democratic Yemen	2,169	(2,169)	–	–	–	–
France	–	54,545	–	51,282	3,263	–
Gabon	74,074	(73,260)	–	–	814	–
Ghana	–	3,000	–	3,000	–	–
Greece	–	5,000	–	5,000	–	–
Guyana	–	1,004	–	1,004	–	–
India	40,000	(19,365)	–	20,635	–	–
Indonesia	–	4,000	4,000	4,000	–	4,000
Iran (Islamic Republic of)	10,000	0	10,000	–	–	20,000
Iraq	15,000	(15,000)	–	–	–	–
Jamaica	4,000	(4,000)	–	–	–	–
Kenya	2,151	(1,200)	–	–	951	–
Kuwait	–	–	20,000	–	–	20,000
Libyan Arab Jamahiriya	20,000	(20,000)	–	–	–	–
Mali	500	(500)	–	–	–	–
Malta	–	980	–	980	–	–
Mauritius	–	983	–	983	–	–
Mexico	–	5,000	–	5,000	–	–
Nigeria	–	49,000	–	–	–	49,000
Oman	13,000	(10,000)	3,000	3,000	–	3,000
Pakistan	10,000	15,000	10,000	25,000	–	10,000
Paraguay	2,000	(1,000)	–	–	–	1,000
Philippines	3,150	211	–	3,361	–	–
Republic of Korea	–	10,000	10,000	10,000	–	10,000

Note 2 (concluded)

Countries	Unpaid pledges as at 1 January 1993	Add: pledges for 1993 and prior year adjustments	Add : Pledges for future years	Less: Collections during 1993	Less: Loss (gain) on exchange	Unpaid pledges as at 31 December 1993
Republic of Yemen	4,000	(4,000)	–	–	–	–
Romania	243	1,053	–	–	376	920
Rwanda	14,000	(14,000)	–	–	–	–
Senegal	6,000	(6,000)	–	–	–	–
Sierra Leone	1,500	(1,500)	–	–	–	–
Somalia	10	(14)	–	–	(4)	–
Swaziland	1,992	(1,893)	–	–	99	–
Switzerland	–	138,596	60,403	138,596	–	60,403
Tunisia	2,017	1,833	–	5,091	(1,241)	–
Turkey	2,000	(2,000)	–	–	–	–
Uganda	259	(251)	–	–	8	–
United Republic of Tanzania	561	(500)	476	–	61	476
United States of America	8,797	(4,040)	–	4,757	–	–
Uruguay	1,000	–	–	–	–	1,000
Total a/	321,804	62,473 b/	150,801	302,689	6,617	225,772 c/

a/ Recapitulation by year:

1989 and prior	178,460	(160,577)	–	18,015	(132)	–
1990	11,255	(9,500)	–	1,572	183	–
1991	47,384	(13,619)	–	22,213	1,026	10,524
1992	84,705	(64,036)	–	13,000	1,239	6,430
1993	–	310,205	–	247,889	4,299	58,017
Future Years	–	–	150,801	–	–	150,801
	321,804	62,473	150,801	302,689	6,617	225,772

b/ Included in this total is $249,732 representing prior years' adjustments of unpaid pledges which are no longer considered collectable. Pledges for 1993 totalled $312,205.

c/ Unpaid pledges of $225,772 are not included in statement III in accordance with article VIII, paragraph 3 of the revised statute of UNITAR (A/43/697/Add.1).